

ARTICLE XIII. PARTNERSHIP FOR ECONOMIC DEVELOPMENT AND JOB TRAINING

Sec. 12-180. Purpose.

The purpose of this article is to provide financial incentives to eligible businesses that invest at least five hundred thousand dollars (\$500,000.00) in new capital improvements in Culpeper County or provide approved training to employees in Culpeper County.

Sec. 12-181. Method.

This article will allow eligible businesses to receive reimbursements from the taxes they pay to partially compensate for new investments and job training expenses that businesses incur, on the following bases:

(a) One hundred (100%) percent of new machinery and tool taxes for a period of three (3) years;

(b) Up to fifty (50%) percent of new real and personal property taxes for approved employee training and educational expenses for a period of five (5) years; and,

(c) Up to twenty-five (25%) percent of new real and personal property taxes for approved employee training and educational expenses for an additional five (5) years.

Sec. 12-182. Eligibility.

(a) Investment Amount: As of the effective date of this article, a business that makes a new, business-related expenditure of funds to purchase or improve real or personal property may receive a reimbursement of certain types of taxes paid

on that new expenditure up to a ten (10) year period. To be eligible to receive a reimbursement of taxes under this article, the amount of the expenditure made for new capital improvements must be valued at five hundred thousand dollars (\$500,000.00) or more unless otherwise approved by the Board of Supervisors. The Commissioner of Revenue of Culpeper County will make the determination of the value of the expenditure at the time that the property is assessed. For the purpose of establishing the minimum qualifying amount of expenditures under this article, only business-related expenditures that occur within a twelve (12) month period will be considered. In any event, reimbursement of taxes under this article will not commence until the Commissioner of Revenue has verified the minimum expenditure value and the business has begun paying taxes on that new investment.

(b) Definition of New Investment: To qualify for the benefits of this article the new investment must be a business-related improvement to real property or the purchase of personal property. The acquisition and use of an existing building, with no or minimal renovations, modifications, expansions, or other improvements to increase the assessed value of the property, will not qualify a business as eligible to benefit from this article. Similarly, the value of the land that is purchased to construct a new building will not be considered a new investment. Only those investments that will result in an increase of assessed value in the property by an otherwise eligible business can be counted as a new investment and be used to determine the minimum investment. With respect to equipment subject to the Machine and Tool Tax, the total value of the new equipment shall be used to calculate benefits under this article, notwithstanding the value

of equipment taken out of service or sold.

(c) Business Type: To be eligible to receive a reimbursement of taxes under this article, a business must be defined as one of the eligible Standard Industrial Classification (SIC) Codes contained below. Letters of Incorporation, Internal Revenue Service (IRS) documents, and/or certification of owner(s) will help in determining the business type and eligibility. The Board of Supervisors, in their sole discretion, may add or delete business types as eligible businesses.

Eligible Business Defined by SIC Code	
<u>SIC Code</u>	<u>Description</u>
01	Agricultural Crops
02	Agricultural Production Livestock
20-39	Manufacturing– Excluding: 2011, 2013, 2015, 21, 22, 23, 2611, 2621, 2631, 2812, 2813, 2819, 2851, 2861, 2865, 2869, 2873, 2874, 2875, 2879, 2891, 2892, 2895, 2899, 29, 3111, 3292, 3312, 3321, 3322, 3325, 3365, 3366, and 3369
45	Transportation by Air
6082	Foreign Trade and International Banking Institutions
6091	Non-deposit Trust Facilities
6099	Functions Related to Deposit Banking

7371	Custom Computer Programming Services
7373	Computer Integrated Systems Design
7374	Data Processing & Preparation
7375	Information Retrieval
7812-7819	Motion Picture/Video Production and Allied Services
8071	Medical Laboratories
87	Engineering and Management Services – Excluding: 8711, 8712, 8713, 8721, 8741, 8742, 8743, 8744, and 8748
97	National Security and International Affairs

Sec. 12-183. Application Process.

(a) Application: In order to receive the benefits provided by this article, a business must complete and execute an application. The application will be used to determine the preliminary eligibility of a business. The application also contains terms, conditions, and certifications that the business will agree to in order to become and remain eligible to receive the benefits of this article. In the event that there is a conflict between the application and this article, the terms of this article shall prevail.

(b) Preparation and Review: Applications may be obtained from the Culpeper County Department of Economic Development (“Department”). The Department will assist in the completion of the application. The Department will review a fully completed and executed application.

The Department may request additional information and the business shall comply and provide the requested information on a timely basis. Failure to timely provide requested information may, of itself, result in a determination of lack of eligibility.

(c) Determination: Upon receipt of a fully completed and executed application and any additional information requested, the Department, with written approval of the County Administrator, will make a determination of eligibility. The Department will inform the business of the determination of eligibility in writing. If the application for benefits under this article would otherwise be determined as ineligible, the Department, with the approval of the County Administrator, may request the Board of Supervisors to consider approving the application. Such requests will only be made when the Department, as approved by the County Administrator, determines that the benefits of approving the application would have a significant and positive impact on the local economy.

(d) Appeal: If the business is denied eligibility by the Department and/or the County Administrator, the business may appeal that determination to the Board of Supervisors. In order to appeal, the business must notify the Clerk of the Board of Supervisors of the appeal in writing within thirty (30) days of the date of the determination notice. The Board of Supervisors may uphold or overturn the denial with or without additional conditions, or return the matter to the Department with directions for additional inquiry. If, upon additional inquiry, the Department, with the approval of the County Administrator, finds eligibility, the Department shall so notify the Board of Supervisors in writing, with a copy to the business. If the Department still does not find the business eligible, the matter

shall be returned to the Board of Supervisors, with additional information, and the Board of Supervisors shall make the final determination.

Sec. 12-184. Accounting Process.

(a) Commissioner of Revenue: If a business has been approved under this article, the Department will notify the Commissioner of Revenue and request the Commissioner of Revenue to provide the County's Director of Finance with the following information:

(1) Confirmation of the amount of new investment made by the business that is subject to the rules of this article; and,

(2) The date and amount of taxes, by type of taxes paid annually, for a period of ten (10) years by each business that is subject to this article, unless the County informs the Commissioner that the business is no longer eligible to participate in the program.

Eligible taxes, including amount and type paid, shall be separated from ineligible taxes paid which are not subject to the benefits of this article. The business must specifically authorize the Commissioner of Revenue to release information to the County Administrator, the Director of Economic Development, and the Director of Finance, acting as agents of the Commissioner of Revenue, regarding the amount of personal property taxes paid by the business.

(b) Director of Finance: Upon notification and confirmation by the Commissioner of Revenue, the Director of Finance shall establish a separate

bookkeeping account for each eligible business. Each account shall bear the name and identification number (from the Application) of each eligible business. The Director of Finance shall maintain separate account entries in each account relating to the following funds:

(1) One hundred (100%) percent of the Machinery and Tool Tax collected for a period of three (3) years from the date of payment of the first tax payment subject to this article. If the Commissioner of Revenue has indicated that the value of the machinery and tools subject to the Machinery and Tool Tax and this policy exceeded three million dollars (\$3,000,000.00), an additional amount of the collected Machinery and Tool Tax shall be deposited into the account. This additional amount of the Machinery and Tool Tax shall be fifty (50%) percent of the Machinery and Tool Tax collected in each of the fourth (4th) and fifth (5th) years from the date of the first tax payment subject to this article.

(2) Fifty (50%) percent of eligible Real Property and Personal Property Tax collected for a period of five (5) years from the date of payment of the first tax payment subject to this article.

(3) Twenty-five (25%) percent of eligible Real Property and Personal Property Tax collected for the period of six (6) years to ten (10) years from the date of payment of the first tax payment subject to this article.

(4) For the purpose of accurate accounting, the entries for

each account shall differentiate between Machinery and Tool Tax and Real and Personal Property Tax.

All other taxes collected and paid to the County by the business shall be distributed and accounted for pursuant to the normal and standard operating procedures of the County.

Sec. 12-185. Reimbursement Process.

(a) Request for Reimbursement: Upon payment of the annual taxes for property which is subject to this article, the taxpayer shall submit to the Department, a Request for Reimbursement (which is available at the Department) (*See Sec. 12-183 for determination of eligible training expenses*). If the eligible business is leasing property for which it is obligated to pay taxes to the owner, evidence of payment by the Lessee to the Lessor and payment by the Lessor to the County must also be submitted.

(b) Review: Upon receipt of the Request for Reimbursement, the Department, after concurring with the Commissioner of Revenue, will confirm the following:

(1) That the County received the tax payment;

(2) That the tax payer does not have any past-due taxes, liens, charges, fees, or other unpaid obligations, in whole or in part, to the County;

(3) The amount of taxes paid that are subject to the benefits of this article;

(4) The eligibility of the paid training expenses submitted by the taxpayer; and,

(5) The signed Request for Reimbursement.

The Department, after consulting with the Commissioner of Revenue and the County Finance Director, will make a determination on the amount of reimbursement, if any, the taxpayer should receive under this article. The Department will notify the Department of Finance and the County Administrator, requesting that payment in the amount of eligible reimbursement be made according to the following procedure.

(c) Limits on Reimbursement: Carryover; Interest: The tax reimbursement to the business shall be no more than the lesser of: (1) the amount of taxes paid; or (2) the amount of eligible reimbursement as determined under this article and identified by the Director of Finance in a separate bookkeeping account for the business established under this article. The County reserves the right to reimburse the business up to the eligible amount of the last full invoice submitted. No partial invoices will be reimbursed. In the event that the business does not submit a request for reimbursement or submits a valid request for reimbursement that is less than the amount of eligible funds identified for reimbursement, all un-reimbursed funds shall be carried forward in the account for future reimbursements for a period of up to ten (10) years from when the reimbursement funds are identified as eligible. In the event the business submits invoices for reimbursement that exceed the amount of funds identified for reimbursement, the County will reimburse eligible funds up to the maximum amount identified for

reimbursement and will continue to reimburse the business from future year funds identified for reimbursement for a period of ten (10) years after the eligible funds are first identified, or until the total eligible funds have been reimbursed. In no event shall the County reimburse taxes paid by the business after the tenth (10th) year of taxes paid on the new investment. The County reserves the right to invest any identified, eligible, but un-reimbursed taxes under this article and retain any interest earned on the investment.

(d) Payment Procedure: When eligible reimbursement has been determined and approved for a specific account by the Director of Economic Development, the Director of Finance, and the County Administrator, the County may pay the determined amount to either the Town of Culpeper Industrial Development Authority or the County of Culpeper Industrial Development Authority, which shall promptly pay the determined amount to the business. These payments shall be made pursuant to the authority granted to the County in Section 15.2-953B of the Code of Virginia of 1950, as amended (the "Virginia Code"), the authority granted to the respective Industrial Development Authorities ("IDA") in Sections 15.2-4905 (12) and (13) of the Virginia Code, and pursuant to the terms of an agreement between the County and each respective IDA.

Sec. 12-186. Eligible Training Expenses.

(a) Eligible Expenses: The employee training expenses, including actual training expenses, travel, per diem, and other related costs, incurred under the following circumstances, are eligible for reimbursement under this article:

(1) At a public or private educational institution that is chartered by the state in which it exists, or that receives public funding from the state or locality in which it is located;

(2) At a private training school that is certified by the state in which it exists to offer training, provided the taxpayer submits a copy of the state certification;

(3) Training provided by the supplier, vendor, or seller of machinery or equipment in the use or maintenance of the machinery or equipment, provided that the training expenses are billed separately from the machinery and equipment;

(4) Training, testing, and other expenses necessary for employee(s) to receive government security clearance(s), provided a copy of approval of clearance(s) is provided; or,

(5) Other training that is pre-approved in writing by the Department with the approval of the County Administrator.

(b) Ineligible Expenses: Unless otherwise specifically approved as eligible training expenses under paragraph (a) of this Section, training expenses are to be considered ineligible. Examples of training expenses that will not be approved include in-house training conducted by other employees.

Sec. 12-187. Default.

(a) Ineligibility: An otherwise eligible business will be considered in

default of the terms and conditions of this article and will become immediately ineligible to participate in the benefits of this article if one or more of the following occurs:

(1) The business or the business owner fails to pay, in whole or in part, County and, if applicable, Town taxes, permits, licenses, or other required fees or obligations in full on or before the last day due, prior to any penalties;

(2) The eligible property is sold or otherwise transferred to another business and the buyer either does not complete and execute an Application within ninety (90) days of the purchase of the Company, or completes and executes the application within ninety (90) days of the purchase and is determined by the Department to be ineligible to participate under this article. In the event that the property is sold and the buyer is determined by the Department to be an Eligible Business, then the buyer may continue to participate in the Program under the original conditions and terms established for the seller;

(3) The Company changes its type of business, including closing the business, so that its primary business is no longer defined as an Eligible Business in Sec. 12-182 (c);

(4) The company sells or otherwise disposes of the real and/or personal property used to determine the original threshold of investment (\$500,000.00) and the value of the

sold or otherwise disposed of property reduces the value of the original investment below the five hundred thousand dollar (\$500,000.00) threshold of eligibility; or,

(5) Violation of any certification contained in the Application, Request for Reimbursement, or other documents signed by the business.

(b) Transfers: A primary purpose of this article is to provide a mechanism to improve the skill levels of the Culpeper County workforce. The business must certify that the benefits it receives under this program are for training employees permanently assigned to a Culpeper location. In the event that an employee is transferred, assigned, or relocated to another division, affiliate, or location outside of Culpeper County and the business received a reimbursement for training that employee, the business must notify the Department within thirty (30) days of the relocation. The amount of reimbursement the business received for training the relocated employee will be deducted from future reimbursements the business would otherwise be eligible to receive. Failure to notify the Department will place the business in default.

(c) Notification: If the Department determines the business to be in default of the terms and conditions of this article, the Department will notify the business in writing of the default.

(d) Appeal: If the business is determined to be in default by the Department, the business may appeal that determination to the Board of Supervisors. In order to appeal, the business must notify

the Board of Supervisors of its appeal in writing within thirty (30) days of the date of the written notification of determination. The Board of Supervisors may uphold the default determination or overturn the default determination, with or without additional conditions.